TOPIC: FISCAL YEAR 2014 FINANCIAL AID ALLOCATIONS

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I. <u>SUMMARY</u>

Each year, pursuant to state law (C.R.S. 23-3.3-102 (2)), the Colorado Commission on Higher Education acts to allocate state-funded student financial aid, by program, to eligible institutions of higher education.

This item includes the proposed financial aid allocations for undergraduate need, graduate need and work-study programs for FY 2014. The allocations were calculated using the allocation method approved by the Commission at the January 2013 CCHE meeting.

II. <u>BACKGROUND</u>

The Commission's overall financial aid policy is designed to achieve three goals:

- Maximize the amount of financial aid funds available to Colorado residents;
- Direct state need-based dollars to <u>all</u> students with the least ability to pay; and,
- Recognize the student responsibility in paying higher education costs.

In addition, the Colorado Student Grant Program is intended to accomplish the following (CCHE Policy VI, F, Section 5.01.04):

The purposes of the Colorado Student Grant program are to provide need-based financial assistance to eligible Colorado residents as well as to encourage credit hour accumulation, persistence (including successful transfer), and timely completion. To accomplish these goals the Commission allocates state need-based dollars to institutions based upon their enrollments of eligible Colorado resident students who have the least ability to pay for their education; that is, Colorado Student Grant funds will be allocated to Pell eligible FTE at state-supported and non-profit private institutions, by class level (i.e., Freshmen, Sophomore, Junior, and Senior). The Commission shall differentiate awards among class levels, providing increasingly larger awards for students who progress academically. In determined allocation amounts, the Commission will use the most current, reliable data available.

In the 2013 legislative session, the General Assembly increased need-based aid by \$5,459,912 and held Work Study flat at prior year levels. Table One (below) shows FY 2014 appropriations by program type compared to the previous fiscal year.

Table One: FY 2013 and FY 2014 General Fund Financial Aid Appropriations

Fiscal Year	Need	Work Study	*DTAP	Native American	Total
2013	73,798,891	16,432,328	364,922	12,773,557	103,369,698
2014	79,258,803	16,432,328	420,000	14,466,230	110,577,361
Dollar Change	5,459,912	0	55,078	1,692,673	7,207,663
% Change	7.40%	0.00%	15.09%	13.25%	6.97%

^{*}Dependent's Tuition Assistance Program

III. <u>STAFF ANALYSIS</u>

1. Need-Based Aid

In January 2013, the Commission approved a new allocation method for the undergraduate need-based aid program, the Colorado Student Grant, beginning in FY 2014. The method for calculating graduate need-based aid remains unchanged from prior years.

A. Colorado Student Grant

Colorado Student Grant program is awarded to undergraduate students with demonstrated need. Allocations are based on the number of Pell eligible students (full-time equivalent) at each institution with differential payments based upon the students' grade level. Pell eligible students are those with an expected family contribution (EFC) between \$0 and \$5,081, the amount necessary to qualify for a Federal Pell Grant. Institutions are allocated a base payment amount from the state for each Pell eligible freshman FTE enrolled. Payment amounts differ by the number of eligible FTE projected in each grade level and the rate increases as students make progress to the next grade level. The incremental increase for FY 2014 is \$200 per grade level. This rate is determined after examining the total available funds and the total eligible FTE. Setting the rate acts as an incentive for institutions to help retain Pell eligible student and to provide a level of predictability from one year to the next.

With the increase to the Long Bill appropriation, for the first year of the

program, if an institution's allocation did not increase from FY 2013 under the new allocation method, a hold harmless provision at the FY 2013 rate plus inflation (2.2%) was applied.

Under Senate Bill 10-003, state-supported institutions and non-profit private institutions have financial aid flexibility and will award financial aid based upon the decisions of their respective governing boards. Proprietary institutions will continue to award need based aid to students as outlined under the Department guidelines.

B. Critical Careers Funding for Graduate Students

This program allocates graduate need-based financial aid funding to students in critical career programs as identified by National Science and Mathematics Access to Retain Talent Grant Program. Critical Career Grant allocations are based on the number of Level 1 graduate students in the list of approved programs. The amount of funding set aside for graduate grant programs \$ 5,554,485.

2. Work-Study Financial Aid

The General Assembly sustained the same level of funding for Work Study aid in FY 2014 as in FY 2013 at \$16,432,328. By law, 70% of the appropriation must go to need-based students; institutions can award the remainder without regard to need. Staff recommends using the same allocation method as last year.

3. Categorical Financial Aid

Categorical Financial Aid covers the Native American Tuition Assistance program at Fort Lewis College and Dependents Tuition Assistance Program (DTAP) grants, which are entitlements that go directly to eligible students. Funding for these programs increased in FY 2014 to reflect actual use. Table Two (below) details appropriations to these categorical financial aid appropriations, by year. The Native American Tuition Assistance Program provides tuition for all eligible Native American students at Fort Lewis College under an agreement between the U.S. government and the State of Colorado.

Table Two: Summary of State Categorical Financial Aid Programs

Туре	DTAP	Native American
2013	\$364,922	\$12,773,557
2014	\$420,000	\$14,466,230

IV. <u>STAFF RECOMMENDATION</u>

That the Commission approves the financial aid allocations for fiscal year 2014 that appear in ATTACHMENT A.

STATUTORY AUTHORITY

C.R.S. 23-3.3-102 (2): Assistance program authorized - procedure - audits.

- (1) The general assembly hereby authorizes the commission to establish a program of financial assistance, to be operated during any school sessions, including summer sessions for students attending institutions.
- (2) The commission shall determine, by guideline, the institutions eligible for participation in the program and shall annually determine the amount allocated to each institution.